

Service Date: January 11, 2001

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF MONTANA POWER)	UTILITY DIVISION
COMPANY, Application for Increase in)	
Balancing Penalty Rate Applicable to Gas)	DOCKET NO. D2000.12.211
Transportation Services, Schedules T-FTG-1)	
and T-ITG-1)	ORDER NO. 6317

INTERIM ORDER

1. On December 22, 2000, Montana Power Company (MPC) filed an application for approval of a change in the balancing penalty rates applicable to MPC firm and interruptible natural gas transportation services, tariff schedules T-FTG-1 and T-ITG-1. In its application MPC requests that the existing MPC balancing penalty rate of \$25 / dkt be changed to be the greater of \$25 / dkt or 150 percent of the NOVA (AECO-C, NIT) price as quoted in Gas Daily's Daily Price Survey, converted to U. S. dollars.

2. MPC suggests that the present environment of increasing and volatile prices of natural gas may reasonably be expected to create circumstances under which shippers might have an economic incentive to simply pay the existing balancing penalty rather than ship gas. MPC states that this could disrupt the integrity of the MPC system and create a system reliability risk.

3. On January 3, 2001, the PSC publicly noticed MPC's application through a Notice of Application and Intervention Deadline. Intervention is allowed until January 25, 2001.

4. MPC has requested that the change be effective on an interim basis. The PSC hereby approves the requested change on an interim basis. This interim approval by the PSC is not an endorsement of MPC's request on a final basis. If the PSC determines on a final basis that the change should not be allowed or should be approved only on a modified basis, MPC must refund all amounts over-collected, if any, during the effective period of this interim order, including with interest at MPC's approved return on equity.

Done and dated this 3rd day of January, 2001, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GARY FELAND, Chairman

JAY STOVALL, Vice Chairman

BOB ANDERSON, Commissioner

MATT BRAINARD, Commissioner

BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.